

TOWNSHIP OF SENEY

BASIC FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

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ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Seney

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Seney as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Seney's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Township of Seney as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2008, on our consideration of the Township of Seney's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 30 and 31, are not a required part of the basic financial statements but are

supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Seney's basic financial statements. The comparative statements for the Water and Sewer Fund are presented for the purpose of additional analysis and is not a required part of the basic financial statements and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Anderson, Tackman & Company P.C." in a cursive, flowing script.

Anderson, Tackman & Company, PLC
Certified Public Accountants

July 9, 2008

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Seney Township's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2008. Please read it in conjunction with the Township's financial statements, which begin on page 11.

The Seney Township's discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the township's financial activity; (c) identify changes in the township's financial position (its ability to address the next and subsequent year challenges); (d) identify any material deviations from the approved budget; and (e) identify any issues or concerns.

FINANCIAL HIGHLIGHTS

- Net assets for the Township were reported at \$3,835,365. Net assets for our business-type activities were \$3,180,425 or 83% of total net assets, while net assets in our governmental activities were \$654,940 or 17% of total net assets.
- The Township's expenses for the year totaled \$335,261, while revenues from all sources totaled \$229,514 resulting in a decrease in net assets of \$105,747.
- In the Township's business type activities, total revenues were \$72,604, or 32% of total revenue, while expenses totaled \$124,928, or 37% of total expenses. These excess expenditures over revenue resulted in a decline of net assets in an amount of \$52,322.
- The General Fund reported a decrease in fund balance of \$35,012 compared to a decrease of \$41,201 in 2007. This was after revenues of \$136,192 compared to \$126,810 in 2007, and expenditures of \$171,204 compared to \$168,011 in 2007.

USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The remaining statement provides financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the Township.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Reporting the Township as a whole

Statement of Net Assets and the Statement of Activities

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances; "Is the Township as a whole better off or in worse condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. You can think of the Township's net assets- the difference between assets and liabilities- as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's property tax base to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two categories of activities:

- Governmental activities - Most of the Township's basic services are reported here including legislative, public safety, recreation and cultural and general government as well as special capital projects. Property taxes, federal grants, and state shared revenues make up the majority of revenue for these activities.
- Business-type activities - The Township charges to provide water utility services and sewer services to customers.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Our analysis of the Township's major funds begin on page 8. The fund financial statements begin on page 13 and provide detailed information on the most significant funds - not the Township as a whole. Some funds are required to be established by State law, and by bond covenants. However, the Township Board of Trustees may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal requirements for certain taxes, grants, and other money. The Township's two kinds of funds - governmental and proprietary - use different accounting methods.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

- *Governmental funds* - Most of the Township's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.
- *Proprietary funds* - When the Township charges customers for the services it provides - whether to outside customers or to other units of the Township - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The Township as a Trustee

The Township is the trustee, or *fiduciary*, for tax receipts and other collections, which are collected for other agencies and held for a periodic payment to those agencies. The Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 20. We exclude these funds from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

The Township as a Whole

The Township's net combined assets decreased by \$66,038.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Assets:				
Current and other assets	\$ 287,219	\$ 487,864	\$ 143,819	\$ 112,011
Capital assets (net)	424,184	455,402	3,647,902	3,698,432
Total Assets	<u>\$ 711,403</u>	<u>\$ 943,266</u>	<u>\$ 3,791,721</u>	<u>\$ 3,810,443</u>
Liabilities:				
Current liabilities	\$ 56,463	\$ 237,877	\$ 47,296	\$ 44,429
Long-term debt outstanding	-	-	564,000	570,000
Total Liabilities	<u>\$ 56,463</u>	<u>\$ 237,877</u>	<u>\$ 611,296</u>	<u>\$ 614,429</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 424,184	\$ 440,909	\$ 3,077,902	\$ 3,128,432
Expendable				
Special Revenue	-	-	-	-
Unrestricted	230,756	264,480	102,523	67,582
Total Net Assets	<u>\$ 654,940</u>	<u>\$ 705,389</u>	<u>\$ 3,180,425</u>	<u>\$ 3,196,014</u>

Net assets of the Township's governmental activities stood at \$654,940 in 2008, down 7% from 2007 of \$705,389. Unrestricted net assets, the part of net assets that could be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$230,756 and \$264,480 in 2008 and 2007, respectively.

Net assets in our business-type activities stood at \$3,180,425 in 2008, down slightly from 2007 of \$3,196,014. Unrestricted net assets for our business-type activities were \$102,523 in 2008 and \$67,582 in 2007.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Revenues:				
Program Revenues:				
Charges for services	\$ 9,963	\$ 9,764	\$ 68,490	\$ 65,155
Capital Grants:				
Federal sources	21,914	579,984		
General Revenues:				
Property taxes	96,708	93,465	-	-
State revenues sharing	13,589	12,443	-	-
Interest, rentals & other	14,736	9,734	4,114	1,578
Total Revenues	<u>156,910</u>	<u>705,390</u>	<u>72,604</u>	<u>66,733</u>
Program Expenses:				
Legislative	6,401	3,815	-	-
General government	83,181	73,509	-	-
Public safety	22,463	28,415	-	-
Public works	8,857	12,071	-	-
Recreation and culture	38,072	45,992	-	-
Capital outlay	-	-	-	-
Interest	226	893	-	-
Other	51,135	21,215	-	-
Water utility	-	-	34,171	40,613
Sewer utility	-	-	90,755	66,722
Total Expenses	<u>210,335</u>	<u>185,910</u>	<u>124,926</u>	<u>107,335</u>
Increase (decrease) in net assets	(53,425)	519,480	(52,322)	(40,602)
Transfer of Equity	-	(2,244,771)	30,886	2,244,771
Prior period adjustment	2,976	-	5,847	-
Net assets - beginning	<u>705,389</u>	<u>2,430,680</u>	<u>3,196,014</u>	<u>991,845</u>
Net assets - ending	<u>\$ 654,940</u>	<u>\$ 705,389</u>	<u>\$ 3,180,425</u>	<u>\$ 3,196,014</u>

Governmental Activities

Revenues for the Township's governmental activities totaled \$156,910, while expenses were \$210,335. The excess of expenditures over revenues was \$53,425. Table three below reflects the cost of each of the Township's five largest activities; general government, public safety, public works, and recreation and culture, and other, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the taxpayers.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Table 3
Government Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General government	\$ 83,181	\$ 73,509	\$ 83,183	\$ 73,509
Public safety	22,463	28,415	21,830	27,782
Public works	8,857	12,071	8,857	12,071
Recreation and cultural	38,072	45,992	28,742	37,749
Other	29,360	21,215	29,360	20,327
Total	<u>\$ 181,933</u>	<u>\$ 181,202</u>	<u>\$ 171,972</u>	<u>\$ 171,438</u>

Business-Type Activities

The Township's business-type activities net assets totaled \$3,180,425, with a decrease in the current year of \$15,589 from total net assets in 2007 of \$3,196,014.

THE TOWNSHIP'S FUNDS

The focus of the governmental funds of the Township is to provide information on near-term inflows, outflows and balances in spendable resources. The fund information is useful to determine short-term financing requirements and can be used to measure the Township's net resources available for spending at the end of the fiscal year.

For the current fiscal year the Township's governmental funds reported total fund balance of \$196,829 of which \$174,754 is unreserved. This total fund balance is a decrease of \$31,897 from the 2007 total fund balance of \$228,726 and is primarily due to the reduction of federal grants and loans received, as the sewer project was completed during the year ended March 31, 2007.

General Fund Budgetary Highlights

Over the course of the year, the budget was amended several times. These amendments were made to recognize changes to revenue or expenditures. The original budget projected a decrease in fund balance in the amount of \$200,780, while the actual results showed a decrease to fund balance of \$35,012.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2008, the Township had \$4,072,086, net of accumulated depreciation, invested in a variety of capital assets including land and improvements, buildings and improvements, equipment and furniture, vehicles, the water system and the sewer system. (See table 4 below):

**Capital Assets at Year-End
(Net of accumulated depreciation)**

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Land and improvements	\$ 176,968	\$ 179,974	\$ -	\$ -
Buildings and improvements	171,953	179,072	-	-
Machinery and equipment	75,263	96,356	-	-
Water system	-	-	905,453	930,574
Sewer system	-	-	2,742,449	2,767,858
Total	<u>\$ 424,184</u>	<u>\$ 455,402</u>	<u>\$ 3,647,902</u>	<u>\$ 3,698,432</u>

DEBT

At year-end the Township had \$570,000 in loans outstanding in the Sewer Fund. The Township made interest only payments during the 2007-2008 year on the Rural Development loan. Principal payments on the loan are to begin July 1, 2008. The note payable for the fire trucks was paid off in December 2007.

**Table 5
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Note payable:				
Pumper truck & tanker truck	\$ -	\$ 14,493	\$ -	\$ -
Loan payable:				
Sewer bonds	-	-	570,000	570,000
Totals	<u>\$ -</u>	<u>\$ 14,493</u>	<u>\$ 570,000</u>	<u>\$ 570,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Township Board and Township management will consider many factors when setting the fiscal year budget, tax rates and fees that will be charged for services.

We will be considering an increase in water/sewer service fees, to better match the expenditures those funds are incurring.

We will be considering another increase in the Park / Campground fees therefore generating more revenues for that department as we have plans to expand the campground area of the park to service more travelers and fund a necessary upgrade to the electrical service to the sites.

We will continue to upgrade our equipment for the fire department and ambulance and will be implementing a billing program for these departments to generate more revenues. The board is also considering assessing a millage rate increase allowed for fire departments to generate additional operating revenues.

With the added utility of the sewer system in conjunction with the water system, the township board hopes this will serve as an incentive to entice further business development and residential growth in our community.

The Township is also negotiating to obtain more property adjacent to property currently owned by the Township and used as industrial area. We hope to expand the area and entice further businesses to consider locating in the township.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers, as well as investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the revenues it receives. If you have questions about this report or need additional information, contact the Township Supervisor at the Seney Township Hall, P.O. Box 116, Seney, Michigan 49883.

TOWNSHIP OF SENEY
STATEMENT OF NET ASSETS
March 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents			
Unrestricted	\$ 184,912	\$ 43,252	\$ 228,164
Restricted	22,266	44,229	66,495
Receivables:			
Accounts	1,416	-	1,416
Notes	33,925	6,338	40,263
Due from other Gov't	2,907	-	2,907
Due from other funds	41,793	50,000	91,793
Total current assets	287,219	143,819	431,038
Noncurrent assets:			
Capital assets, net of accumulated depreciation	424,184	3,647,902	4,072,086
Total assets	<u>\$ 711,403</u>	<u>\$ 3,791,721</u>	<u>\$ 4,503,124</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,730	\$ -	\$ 2,730
Due to other funds	50,000	41,296	91,296
Due to other governmental units	3,733	-	3,733
Long-term liabilities due within one year:			
Notes payable	-	6,000	6,000
Total current liabilities	56,463	47,296	103,759
Long-term liabilities:			
Loan payable	-	564,000	564,000
Total liabilities	<u>56,463</u>	<u>611,296</u>	<u>667,759</u>
NET ASSETS			
Invested in capital assets, net of related debt	424,184	3,077,902	3,502,086
Unrestricted	230,756	102,523	333,279
Total net assets	<u>654,940</u>	<u>3,180,425</u>	<u>3,835,365</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 711,403</u>	<u>\$ 3,791,721</u>	<u>\$ 4,503,124</u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2008

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Legislative	\$ 6,401	\$ -	\$ -	\$ (6,401)	\$ -	\$ (6,401)
General government	83,181	-	-	(83,181)	-	(83,181)
Public safety	22,463	633	-	(21,830)	-	(21,830)
Public works	8,857	-	-	(8,857)	-	(8,857)
Recreation and culture	38,072	9,330	-	(28,742)	-	(28,742)
Capital outlay	21,775	-	21,914	139	-	139
Interest	226	-	-	(226)	-	(226)
Other	29,360	-	-	(29,360)	-	(29,360)
Total governmental activities	210,335	9,963	21,914	(178,458)	-	(178,458)
Business-type activities:						
Water	34,171	16,248	-	-	(17,923)	(17,923)
Sewer	90,755	52,242	-	-	(38,513)	(38,513)
Total business-type activities	124,926	68,490	-	-	(56,436)	(56,436)
Total primary government	\$ 335,261	\$ 78,453	\$ 21,914	(178,458)	(56,436)	(234,894)
General revenues:						
Property taxes				96,708	-	96,708
State revenue sharing				13,589	-	13,589
Other				5,246		5,246
Interest & rentals				9,490	4,114	13,604
Total general revenues				125,033	4,114	123,901
Change in net assets				(53,425)	(52,322)	(105,747)
Net assets - beginning, as previously stated				705,389	3,196,014	3,901,403
Prior period adjustment				2,976	5,847	8,823
Net assets - beginning, as restated				708,365	3,201,861	3,910,226
Contributed capital				-	30,886	30,886
Net assets, ending				\$ 654,940	\$ 3,180,425	\$ 3,835,365

See accompanying notes to financial statements

TOWNSHIP OF SENEY
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2008

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	Sewer Construction	Special Revenue	
ASSETS				
Cash and equivalents:				
Unrestricted	\$ 184,912	\$ -	\$ -	\$ 184,912
Restricted	22,075	191	-	22,266
Accounts Receivable	1,416			1,416
Notes Receivable	33,925	-	-	33,925
Due from other governments	2,907	-	-	2,907
Due from other funds	41,793	20,187	-	61,980
Total assets	<u>\$ 287,028</u>	<u>\$ 20,378</u>	<u>\$ -</u>	<u>\$ 307,406</u>
LIABILITIES				
Accounts payable	\$ 2,732	\$ -	\$ -	\$ 2,732
Due to other funds	70,187	-	-	70,187
Due to other governmental units	3,733	-	-	3,733
Deferred revenue	33,925	-	-	33,925
Total liabilities	<u>110,577</u>	<u>-</u>	<u>-</u>	<u>110,577</u>
FUND BALANCES				
Reserved for loans	22,075	-	-	22,075
Unreserved:				
Undesignated	154,376	20,378	-	174,754
Total fund balances	<u>176,451</u>	<u>20,378</u>	<u>-</u>	<u>196,829</u>
Total liabilities and fund balances	<u>\$ 287,028</u>	<u>\$ 20,378</u>	<u>\$ -</u>	<u>\$ 307,406</u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2008

Total fund balances for governmental funds	\$ 196,829
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and land improvements	242,573	
Buildings and improvements	281,481	
Machinery and equipment	323,867	
Accumulated depreciation	<u>(423,737)</u>	
Total capital assets		424,184

Deferred revenue, reported as a liability on the balance sheet of the fund financial statements, has been recognized as a revenue in the Statement of Activities and has been removed from the Statement of Net Assets

Deferred revenue:	<u>33,927</u>
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Total net assets of governmental activities	<u><u>\$ 654,940</u></u>
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See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2008

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	Sewer Construction	Special Revenue	
REVENUES:				
Taxes	\$ 96,708	\$ -	\$ -	\$ 96,708
Licenses and permits	-	-	633	633
Federal sources	-	21,914	-	21,914
State sources	13,589	-	-	13,589
Charges for services	9,330	-	-	9,330
Interest and rentals	9,490	-	-	9,490
Other	7,075	-	-	7,075
Total revenues	136,192	21,914	633	158,739
EXPENDITURES:				
Legislative	6,401	-	-	6,401
General government	70,623	-	-	70,623
Public safety	4,584	-	633	5,217
Public works	8,857	-	-	8,857
Recreation and cultural	36,658	-	-	36,658
Capital outlay	-	21,775	-	21,775
Debt service:				
Principal	14,495	-	-	14,495
Interest	226	-	-	226
Other	29,360	-	-	29,360
Total expenditures	171,204	21,775	633	193,612
Excess revenues (expenditures)	(35,012)	139	-	(34,873)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	4,697	-	-	4,697
Operating transfer out	-	(4,697)	-	(4,697)
Total other financing sources (uses)	4,697	(4,697)	-	-
Net change in fund balance	(30,315)	(4,558)	-	(34,873)
Fund balances - beginning of year, as previously reported	203,790	24,936	-	228,726
Prior period adjustment	2,976	-	-	2,976
Fund balances - beginning of year, as restated	206,766	24,936	-	231,702
Fund balances - end of year	\$ 176,451	\$ 20,378	\$ -	\$ 196,829

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2008

Net changes in fund balances - total governmental funds \$ (34,873)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,732) were exceeded by depreciation expense (\$33,950). (31,218)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

Principal repayments:
 Note principal 14,495

Receipt of payments on note receivable is a revenue in the governmental funds but reduces the receivable in the Statement of Net Assets.

Receipts on note receivable:
 Revolving loan income (1,829)

Changes in net assets of governmental activities \$ (53,425)

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE
March 31, 2008

	Water Fund	Sewer Fund	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents			
Unrestricted	\$ 37,328	\$ 5,924	\$ 43,252
Restricted	-	44,229	44,229
Receivables	1,274	5,064	6,338
Due from other funds	51,942	-	51,942
Total current assets	90,544	55,217	145,761
Noncurrent assets:			
Capital assets, net of accumulated depreciation	905,453	2,742,449	3,647,902
Total assets	<u>\$ 995,997</u>	<u>\$ 2,797,666</u>	<u>\$ 3,793,663</u>
LIABILITIES			
Current liabilities:			
Due to other funds	\$ 41,296	\$ 1,942	\$ 43,238
Current maturities of note payable	-	6,000	6,000
Total current liabilities	41,296	7,942	49,238
Long-term Liabilities			
Note Payable	-	564,000	564,000
Total liabilities	<u>41,296</u>	<u>571,942</u>	<u>613,238</u>
NET ASSETS			
Invested in capital assets, net of related debt	905,453	2,172,449	3,077,902
Unrestricted	49,248	53,275	102,523
Total net assets	<u>954,701</u>	<u>2,225,724</u>	<u>3,180,425</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 995,997</u></u>	<u><u>\$ 2,797,666</u></u>	<u><u>\$ 3,793,663</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
For the Year Ended March 31, 2008

	Water Fund	Sewer Fund	Total Proprietary Funds
OPERATING REVENUES:			
Charges for services	\$ 16,248	\$ 52,242	\$ 68,490
OPERATING EXPENSES:			
Salaries and fringes	1,100	-	1,100
Office supplies	634	282	916
Operating supplies	33	-	33
Dues	-	-	-
Training	-	240	240
Permits	-	475	475
Contracted services	2,016	9,445	11,461
Repairs and maintenance	1,462	-	1,462
Telephone	529	-	529
Utilities	2,211	228	2,439
Depreciation	25,120	56,295	81,415
Miscellaneous	1,066	382	1,448
Total operating expenses	34,171	67,347	101,518
Operating income (loss)	(17,923)	(15,105)	(33,028)
NONOPERATING REVENUES (EXPENSES):			
Interest income	3,732	382	4,114
Interest Expense	-	(23,408)	(23,408)
Total nonoperating revenues (expenses)	3,732	(23,026)	(19,294)
Change in net assets	(14,191)	(38,131)	(52,322)
Total net assets - beginning, as previously stated	967,619	2,228,395	3,196,014
Prior period adjustment	1,273	4,574	5,847
Total net assets - beginning, as restated	968,892	2,232,969	3,201,861
Equity transfer	-	30,886	30,886
Total net assets - ending	\$ 954,701	\$ 2,225,724	\$ 3,180,425

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Year Ended March 31, 2008

	Water Fund	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 15,056	\$ 51,753
Cash payments to employees for wages	(1,100)	-
Cash payments to vendors for good and services	(7,950)	(11,053)
	<u>6,006</u>	<u>40,700</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	105	-
Transfers from other funds	-	-
	<u>105</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributed from other funds	-	30,886
Purchase of capital assets	-	(30,886)
	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest expense	-	(23,408)
Interest income	3,732	382
	<u>9,843</u>	<u>17,674</u>
Net increase (decrease) in cash and equivalents		
Cash and equivalents, beginning of year	27,485	32,479
Cash and equivalents, end of year	<u>\$ 37,328</u>	<u>\$ 50,153</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (17,923)	\$ (15,105)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	-	(490)
Increase (decrease) in customer deposits	(1,191)	-
Depreciation expense	25,120	56,295
	<u>\$ 6,006</u>	<u>\$ 40,700</u>
Net cash provided by operating activities		

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
March 31, 2008

ASSETS

Cash and cash equivalents:

Unrestricted

\$ 497

LIABILITIES

Due to General Fund

\$ 497

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township's Statement of Net Assets includes the accounts and funds of all Township operations. The Township was organized under the provisions of the Michigan constitution. The Township is operated under a commission form of government and provides services in the following areas: roads, public improvements, fire safety, water system, sewer system and general administrative services.

The accounts of the Township have been maintained in accordance with the balanced fund principles of accounting for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements and management's Discussion and Analysis*. GASB 34 significantly changes financial reporting for governmental agencies by adding government-wide financial statements, and management's discussion and analysis. The following is a summary of the more significant policies and financial reporting descriptions:

- (1) Government-Wide Financial Statements - The Statement of Net Assets and Statement of Activities display information about the Township as a whole. They include all funds of the Township except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods or services provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Accounting – The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the Township are considered major if it meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Township reports the following as major governmental funds in accordance with the above criteria:

General Fund – as described below;

Sewer Construction Fund – this fund accounts for the expenditures required to construct the Township's sewer system and to account for the federal revenues received in constructing this system.

The Township reports the following as major proprietary funds in accordance with the above criteria:

Water Fund – this fund accounts for the water utility services provided to the Township of Seney.

Sewer Fund – this fund accounts for the sewer utility services provided to the Township of Seney.

The funds of the Township are described below:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds – Capital Project Funds are used to account for the expenditures relating to acquiring specific capital assets and the revenues that are received to fund that project.

BUSINESS-TYPE FUNDS

Proprietary Fund – Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Township applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or after November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

FIDUCIARY FUNDS

Trust and Agency Funds – Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Trust and Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

- (2) Basis of Accounting – Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting which also include the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year in which they are levied.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. State shared revenues, charges for services and interest earnings are accrued since they are measurable and available. Revenues from federal and state grants received as reimbursements for specific purposes of projects are recognized when the expenditure is incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recognized when due.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

- (3) Budgets and Budgetary Accounting – The following procedures are followed in establishing the budgetary data reflected in these financial statements:
- a. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
 - b. The proposed budgets include expenditures as well as the methods of financing them.

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Public hearings are held to obtain taxpayer comments.
- d. The budgets are adopted at the activity level by a majority vote of the Township Board.
- e. The budgets are adopted on the modified accrual basis of accounting.
- f. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
- g. The adopted budgets are used as a management control device during the year for all budgetary funds.
- h. Budget appropriations lapse at the end of each fiscal year.
- i. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

- (4) Property Taxes – The Township’s annual property tax on real and personal property within the Township is levied on December 1, and is based on the taxable valuation of property as of the preceding December 31. In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township.

The Township’s portion of the tax is collected between December 1 and February 28. Delinquent real property taxes are subsequently turned over to the County which maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two or three months after the delinquency date of February 28.

The Township generally recognizes property taxes as revenue in the year the taxes are levied. The Township considers payments received from the County Treasurer as part of the tax settlement as available if they are received within 90 days of the Township’s fiscal year end.

- (5) Capital Assets – Capital assets, which include property, buildings, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Township has elected not to report, nor is it required to report, its major general infrastructure assets per GASB Statement No. 34.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the Township are depreciated using the straight-line method over the estimated useful lives of the assets.

- (6) Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – CASH AND EQUIVALENTS

The composition of cash and equivalents as reported on the Statement of Net Assets for the Township are presented below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Deposits:		
Insured (FDIC)	\$ 295,156	\$ 326,109
Uninsured	<u>0</u>	<u>5,714</u>
 TOTAL OF CASH AND EQUIVALENTS	 <u><u>\$ 295,156</u></u>	 <u><u>\$ 331,823</u></u>
 Government-Wide Statement of Net Assets presentation:		
Cash and equivalents:		
Unrestricted	\$ 228,164	
Restricted	66,495	
 Statement of Fiduciary Net Assets presentation:		
Cash and equivalents:		
Unrestricted	<u>497</u>	
 TOTAL	 <u><u>\$ 295,156</u></u>	

Cash and cash equivalents consist solely of checking and saving account deposits.

Michigan statutes authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

Interest Rate Risk. The Township carries no significant interest rate risk as all of its holdings are in bank accounts with a high degree of liquidity.

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE B – CASH AND EQUIVALENTS (Continued)

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations with a maximum maturity of 270 days. The Township has no investments in commercial paper.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure the Township's deposits may not be returned. At March 31, 2008, the Township held \$331,823 in deposits with financial institutions, in which \$5,714 was uninsured and uncollateralized. Although such deposits exceed federally insured limits, they are in the opinion of management, subject to minimal risk.

Concentration of Credit Risk. The Township has no significant concentration of credit risk due to the fact that its deposits are with area banks and credit unions.

Foreign Currency Risk. The Township has no foreign currency risk as it has no deposits or investments in foreign currency.

All deposits for the Township are in accordance with statutory authority.

NOTE C – RESTRICTED CASH

Restricted cash, as listed in the General Fund, is restricted for the purpose of loans to local businesses under the Michigan Small Cities Block Grant program. The restricted cash balance as of March 31, 2008 of \$22,075 represents monies available for loans under this program agreement.

Restricted cash of \$191, as listed in the Sewer Construction Fund, is restricted for the purpose of funding the expenditures surrounding the construction of the Township sewer system. These funds were received in advance from a grant from the Environmental Protection Agency (EPA) and are restricted to be in compliance with the grant agreement between the Township and the EPA.

Restricted cash of \$44,229 as listed in the Sewer Fund, is restricted for the purposes of the operation and maintenance of the sewer system as required by the bond ordinances for the sewer bonds.

NOTE D – INTERFUND RECEIVABLES AND PAYABLES

A summary of the interfund receivables and payables is as follows:

Fund	Receivable	Fund	Payable
Sewer Const. Fund	\$20,187	General Fund	\$20,187
Water Fund	50,000	General Fund	50,000
	1,942	Water Fund	41,296
General	41,296	Trust & Agency	497
	497	Sewer Fund	1,942
	<hr/>		<hr/>
TOTAL:	\$113,922	TOTAL:	\$113,922
	<hr/>		<hr/>

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008, is as follows:

	<u>04/01/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>03/31/08</u>
Governmental activities:				
Assets not subject to depreciation:				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Assets subject to depreciation:				
Land improvements	117,573	-	-	117,573
Buildings and improvements	281,481	-	-	281,481
Machinery and equipment	321,135	2,732	-	323,867
Total assets subject to depreciation	720,189	2,732	-	\$ 722,921
Total capital assets	845,189	2,732	-	\$ 847,921
Less accumulated depreciation:				
Land improvements	62,598	3,007	-	65,605
Buildings and improvements	102,409	7,119	-	109,528
Machinery and equipment	224,780	23,824	-	248,604
Total accumulated depreciation	389,787	33,950	-	\$ 423,737
Net governmental activities capital assets	<u>\$ 455,402</u>	<u>\$ (31,218)</u>	<u>-</u>	<u>\$ 424,184</u>

Depreciation expense was charged to the governmental activities as follows:

General government	\$ 15,290
Public safety	17,246
Recreation and culture	<u>1,414</u>
Total governmental activities depreciation expense	<u>\$ 33,950</u>

A summary of the business-type activities capital assets for the year ended March 31, 2008 is as follows:

	<u>04/01/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>03/31/08</u>
Business-type activities:				
Water system	\$ 1,093,167	\$ -	\$ -	\$ 1,093,167
Equipment	16,364	-	-	16,364
Sewer system	2,814,771	30,886	-	2,845,657
Total capital assets	1,109,531	30,886	-	3,955,188
Less accumulated depreciation:				
Water system	174,631	22,055	-	196,686
Equipment	4,326	3,066	-	7,392
Sewer system	46,913	56,295	-	103,208
Total accumulated depreciation	225,870	81,416	-	307,286
Net business-type activities capital assets	<u>\$ 883,661</u>	<u>\$ (50,530)</u>	<u>\$ -</u>	<u>\$ 3,647,902</u>

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE F – LONG-TERM DEBT

The note payable reflected in the government-wide financial statements was incurred for the purchases of a 1988 pumper truck and a 1985 2,000 gallon tanker truck. The original amount of the loan was \$80,400. The note is payable to First Bank of Gladstone, Michigan, in monthly installments of \$1,475 including interest calculated at 3.8%. The note is secured by the trucks.

The following is a summary of the note payable activity for the year:

<u>Balance</u> <u>4/1/2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>3/31/2008</u>
\$ 14,493	\$ -	\$ 14,493	\$ -

There are no future payments on this loan as it was paid off in December of 2007

The loan payable reflected in the government-wide financial statements was incurred for the purpose of funding the construction of the Township's sewer system. The original amount of the loan was \$570,000. The note is payable to Rural Development, in annual installments ranging from \$6,000 to \$30,500. Interest is calculated semiannually at the rate of 4.125%. Interest only payments are due on January 1 and principal and interest payments are due on July 1.

The following is a summary of the loan payable activity for the year:

<u>Balance at</u> <u>4/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>3/31/2008</u>
\$ 570,000	# \$ -	\$ -	\$ 570,000

A schedule of the principal and interest payments on this loan is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 6,000	\$ 23,389	\$ 29,389
2009	6,000	23,141	29,141
2010	6,500	22,883	29,383
2011	7,000	22,605	29,605
2012	7,000	22,316	29,316
2013-2017	40,500	106,848	147,348
2018-2022	50,000	97,556	147,556
2023-2027	62,500	85,955	148,455
2028-2032	78,500	71,476	149,976
2033-2037	98,000	53,378	151,378
2038-2042	121,000	30,896	151,896
2043-2045	87,000	5,507	92,507
Total	<u>\$ 570,000</u>	<u>\$ 565,950</u>	<u>\$ 1,135,950</u>

TOWNSHIP OF SENEY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE G – PENSION PLAN

The Township has a money purchase pension plan covering substantially all full-time employees. The plan is administered by Municipal Retirement Systems, Inc. The Township makes contributions annually in the amount of 10 percent of the employee's annual compensation. Information relative to the plan is as follows:

<u>Year</u>	<u>Pension Contribution</u>
3/31/04	5,313
3/31/05	4,271
3/31/06	3,091
3/31/07	2,782
3/31/08	2,061

NOTE H – TRANSFERS IN AND OUT

During the year a transfer of \$4,697 went to the General Fund from the Sewer Construction Fund which related to the normal operations for the funding of the sewer system.

NOTE I – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE J – RESTRICTED ASSETS

Where either restricted assets or unrestricted assets may be used, it is the Township's policy to use restricted assets first.

NOTE K – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$2,976 was made to General Fund to properly record State revenue sharing in the appropriate period. A prior period adjustment of \$1,273 and \$4,574 was made to the Water Fund and Sewer Fund, respectively, to properly record charges for services in the appropriate period.

TOWNSHIP OF SENEY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 88,251	\$ 88,251	\$ 96,708	\$ 8,457
State sources	22,275	22,275	13,589	(8,686)
Charges for services	9,000	9,000	9,330	330
Interest and rentals	8,592	8,592	9,490	898
Other	633	633	7,075	6,442
Total revenues	128,751	128,751	136,192	7,441
EXPENDITURES:				
Legislative:				
Board of commissioners	15,000	15,000	6,401	8,599
General government:				
Supervisor	15,600	15,600	5,410	10,190
Clerk	12,600	12,600	5,113	7,487
Treasurer	12,600	12,600	6,131	6,469
Township hall & grounds	27,600	20,000	15,660	4,340
Auditing and accounting	19,000	7,000	6,250	750
Elections	6,030	6,030	2,279	3,751
Board of review	2,500	2,500	725	1,775
Assessor	8,800	8,800	6,714	2,086
Cemetery	4,500	4,500	-	4,500
General	28,808	40,808	22,341	18,467
Public safety:				
Fire department	16,800	16,800	4,584	12,216
Ambulance	15,300	15,300	-	15,300
Public works:				
Street lighting	13,500	13,500	8,857	4,643
Roads	15,500	5,000	-	5,000
Sewer engineering	-	500	-	500
Recreation and culture:				
Recreation and parks	31,457	41,457	36,658	4,799
Debt service:				
Principal	18,000	18,000	14,404	3,596
Interest	-	-	317	(317)
Other:				
Employee benefits	5,000	2,600	141	2,459
Insurance & bonds	19,000	29,000	28,954	46
Small business loans	41,406	41,406	-	41,406
Miscellaneous	530	530	265	265
Total expenditures	329,531	329,531	171,204	158,327
Excess revenues (expenditures)	(200,780)	(200,780)	(35,012)	165,768
Other Financing Sources (Uses):				
Operating transfer in	-	-	4,697	4,697
Net change in fund balance	(200,780)	(200,780)	(30,315)	170,465
Fund balances - beginning, as previously stated	203,790	203,790	203,790	-
Prior period adjustment	-	-	2,976	2,976
Fund balances - beginning, as restated	203,790	203,790	206,766	2,976
Fund balances - ending	\$ 3,010	\$ 3,010	\$ 176,451	\$ 168,744

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER CONSTRUCTION FUND
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
REVENUES:				
Federal grant	\$ 735,702	\$ 735,702	\$ 21,914	\$ (713,788)
EXPENDITURES:				
Sewer construction/engineering	571,359	571,359	21,775	549,584
Excess revenues (expenditures)	164,343	164,343	139	(164,204)
OTHER FINANCING SOURCES (USES)				
Operating transfer out	-	-	(4,697)	4,697
Net change in fund balance	164,343	164,343	(4,558)	(168,901)
Fund balances - beginning	42	42	24,936	24,894
Fund balances - ending	<u>\$ 164,385</u>	<u>\$ 164,385</u>	<u>\$ 20,378</u>	<u>\$ (144,007)</u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
COMPARATIVE STATEMENT OF NET ASSETS
WATER FUND
March 31, 2008 and 2007

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents		
Unrestricted	\$ 37,328	\$ 27,485
Accounts Receivable	1,274	1,273
Due from other funds	<u>51,942</u>	<u>52,047</u>
Total current assets	<u>90,544</u>	<u>80,805</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>905,453</u>	<u>930,574</u>
Total assets	<u><u>\$ 995,997</u></u>	<u><u>\$ 1,011,379</u></u>
LIABILITIES		
Current liabilities:		
Due to other funds	\$ 41,296	\$ 41,296
Customer deposits	<u>-</u>	<u>1,191</u>
Total current liabilities	<u>41,296</u>	<u>42,487</u>
NET ASSETS		
Invested in capital assets, net of related debt	905,453	931,847
Unrestricted	<u>49,248</u>	<u>37,045</u>
Total net assets	<u>954,701</u>	<u>968,892</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 995,997</u></u>	<u><u>\$ 1,011,379</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
WATER FUND
March 31, 2008 and 2007

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
OPERATING REVENUES:		
Charges for services	<u>\$ 16,248</u>	<u>\$ 14,950</u>
OPERATING EXPENSES:		
Salaries and wages	1,100	1,760
Office supplies	634	959
Operating supplies	33	238
Dues	-	630
Contracted services	2,016	6,343
Repairs and maintenance	1,462	1,059
Telephone	529	562
Utilities	2,211	2,561
Depreciation	25,120	25,120
Miscellaneous	<u>1,066</u>	<u>1,381</u>
Total operating expenses	<u>34,171</u>	<u>40,613</u>
Operating income (loss)	<u>(17,923)</u>	<u>(25,663)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	<u>3,732</u>	<u>1,437</u>
Change in net assets	<u>(14,191)</u>	<u>(24,226)</u>
Total net assets - beginning, as previously stated	967,619	991,845
Prior period adjustment	<u>1,273</u>	<u>1,273</u>
Total net assets, beginning, as adjusted	<u>968,892</u>	<u>993,118</u>
Total net assets - ending	<u><u>\$ 954,701</u></u>	<u><u>\$ 968,892</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF CASH FLOWS
WATER FUND
For the Year Ended March 31, 2008 and 2007

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 15,056	\$ 14,950
Cash payments to employees for wages	(1,100)	(1,760)
Cash payments to vendors for good and services	<u>(7,950)</u>	<u>(13,733)</u>
Net cash provided (used) by operating activities	<u>6,006</u>	<u>(543)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	105	(52,047)
Transfers from other funds	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>105</u>	<u>(52,047)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>3,732</u>	<u>1,438</u>
Net increase (decrease) in cash and equivalents	9,843	(51,152)
Cash and equivalents, beginning of year	<u>27,485</u>	<u>78,637</u>
Cash and equivalents, end of year	<u><u>\$ 37,328</u></u>	<u><u>\$ 27,485</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (17,923)</u>	<u>\$ (25,663)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	25,120	25,120
Changes in assets and liabilities:		
Increase (decrease) in Customer deposits	<u>(1,191)</u>	<u>-</u>
Total adjustments	<u>23,929</u>	<u>25,120</u>
Net cash provided by operating activities	<u><u>\$ 6,006</u></u>	<u><u>\$ (543)</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
COMPARATIVE STATEMENT OF NET ASSETS
SEWER FUND
March 31, 2008 and 2007

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents		
Unrestricted	\$ 5,924	\$ 2,798
Restricted	44,229	29,681
Accounts receivable	<u>5,064</u>	<u>-</u>
Total current assets	<u>55,217</u>	<u>32,479</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>2,742,449</u>	<u>2,767,858</u>
Total assets	<u><u>\$ 2,797,666</u></u>	<u><u>\$ 2,800,337</u></u>
LIABILITIES		
Current liabilities:		
Due to other funds	\$ 1,942	\$ 1,942
Current maturities of note payable	<u>6,000</u>	<u>-</u>
Total current liabilities	<u>7,942</u>	<u>1,942</u>
Long-term liabilities:		
Note payable, net current portion	<u>564,000</u>	<u>570,000</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,172,449	2,197,858
Unrestricted	<u>53,275</u>	<u>30,537</u>
Total net assets	<u>2,225,724</u>	<u>2,228,395</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,797,666</u></u>	<u><u>\$ 2,800,337</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
SEWER FUND
March 31, 2008 and 2007

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
OPERATING REVENUES:		
Charges for services	\$ 52,242	\$ 50,205
OPERATING EXPENSES:		
Salaries and wages	-	1,792
Office supplies	282	1,770
Training	240	-
Permits	475	-
Contracted services	9,445	2,875
Utilities	228	106
Depreciation	56,295	46,913
Miscellaneous	382	1,511
Total operating expenses	67,347	54,967
Operating income (loss)	(15,105)	(4,762)
NONOPERATING REVENUES (EXPENSES):		
Interest income	382	142
Interest expense	(23,408)	(11,756)
Total nonoperating revenues (expenses)	(23,026)	(11,614)
Change in net assets	(38,131)	(16,376)
Total net assets - beginning, as previously stated	2,228,395	-
Prior period adjustment	4,574	-
Total net assets, beginning of year, as restated	2,232,969	-
Transfer of equity	30,886	2,244,771
Total net assets - ending	\$ 2,225,724	\$ 2,228,395

See accompanying notes to financial statements.

TOWNSHIP OF SENEY
STATEMENT OF CASH FLOWS
SEWER FUND
For the Year Ended March 31, 2008 and 2007

	March 31, 2008	March 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 51,753	\$ 50,205
Cash payments to employees for wages	-	(1,792)
Cash payments to vendors for good and services	(11,053)	(6,262)
	<u>40,700</u>	<u>42,151</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	-
Transfers from other funds	-	1,942
	<u>-</u>	<u>1,942</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributed from other funds	30,886	2,244,771
Purchase of capital assets	(30,886)	(2,244,771)
	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest expense	(23,408)	(11,756)
Interest income	382	142
	<u>(23,026)</u>	<u>(11,614)</u>
Net cash provided (used) by investing activities	<u>(23,026)</u>	<u>(11,614)</u>
Net increase (decrease) in cash and equivalents	17,674	32,479
Cash and equivalents, beginning of year	32,479	-
Cash and equivalents, end of year	<u>\$ 50,153</u>	<u>\$ 32,479</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (15,105)	\$ (4,762)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	56,295	46,913
Changes in assets and liabilities:		
Increase (decrease) in accounts receivable	(490)	-
	<u>55,805</u>	<u>46,913</u>
Total adjustments	<u>55,805</u>	<u>46,913</u>
Net cash provided by operating activities	<u>\$ 40,700</u>	<u>\$ 42,151</u>

See accompanying notes to financial statements.



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Members of the Township Board
Township of Seney

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Seney, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township of Seney, Michigan's basic financial statements and have issued our report thereon dated July 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Seney, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Seney, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's

financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Seney's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Seney's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Township of Seney, Michigan, in a separate letter dated July 9, 2008.

This report is intended solely for the information and use of management, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

July 9, 2008



ANDERSON, TACKMAN & COMPANY, PLC

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Kevin C. Pascoe, CPA
Laura L. Schwalbach, CPA

July 9, 2008

Members of the Township Board
Township of Seney

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Seney for the year ended March 31, 2008, and have issued our report thereon dated July 9, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 3, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

(Other Information in Documents Containing Audited Financial Statements)

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 3, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Seney are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of fixed assets is based on past experience with lives of similar assets. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 9, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated July 9, 2008, on the financial statements of the Township of Seney.

We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of the Board and management of the Township of Seney and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company P.C.

Anderson, Tackman & Company, PLC
Certified Public Accountants

Segregation of Duties

As noted in the prior year's comments and recommendations, there is an inadequate segregation of duties with respect to cash control. It was also noted in the comments and recommendations in previous years that management felt it was impractical to change any of the procedures over cash control. We recommend that the board continue to review cash activity balances at each board meeting to operate as an additional control over cash activity.

Tax Account

We noted during our audit that the taxes collected were not always distributed timely during the fiscal year. MCL 211.43 Section 43(3)(a) of the General Property Tax Act requires tax collections to be delivered within ten business days after the first and fifteenth day of each month to the county treasurer in an amount equal to the total of the state and county tax collections on hand on the first and fifteenth day of that month. We recommend that the Township adhere to the requirements of the General Property Tax Act.

Water Ordinance W-3

Water ordinance W-3 provides for the establishment of a depreciation fund. While the ordinance does not contain a specific dollar amount requirement, it seems clear that the ordinance provides a requirement for system replacement funding. We recommend that the board consider establishing this fund and determining a systematic method of funding it.

Computerized Accounting System

During the year the Township has used QuickBooks to record the financial activities of the Township in hopes of independently recording their activities. We noted that the activity recorded in the general ledger by the Township does not always agree to the general ledger provided by the commercial accountant. It is recommended that the ledgers of both sources agree to each other, or that they be reconciled to one another. We recommend that the Township consider continuing their usage of the commercial accountant as a means of maintaining an auditable account of the Township activities, and to begin reconciling their activities to these reports before considering the option of independently maintaining their records.

Revolving Loan Activity

We noted during the current fiscal year that a previously written off receivable from Superior County Wood Truss was deemed to be receivable. This loan was initially provided to Superior Wood Truss through a grant provided by the Michigan Small Cities program, and the activity is currently being recorded in the general fund. It is recommended, as these funds become available to loan to other entities, that the activity be recorded in a separate Special Revenue fund if the monies continue to be loaned on a more routine basis.

Water and Sewer Fund Losses

We noted operating losses, for the fourth consecutive year, in the operations of the Water Fund. We also noted an operating loss in the Sewer Fund. The Board may want to consider amending its fee structure surrounding utilities in order to mitigate any operating losses and to prepare for maintenance and repairs to the current water and sewer systems in the coming years. These losses are primarily due to the lack of consideration of the effects of depreciation on the water and sewer systems, thus any analysis of the fee structure should contain a provision for this annual expense of both funds.

Outstanding Checks

There are two outstanding checks in the General Fund that are over a year old. We recommend that the disposition of these checks be investigated, and escheated to the state, if appropriate.



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Members of the Township Board
Township of Seney, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Seney as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Seney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Seney's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Seney's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

- A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.
- Material audit adjustments were required to the financial statements to properly accrue revenues and expenditures/expenses.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

- Material audit adjustments were required to the financial statements to properly accrue revenues and expenditures/expenses.

This communication is intended solely for the information and use of management, Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Anderson, Tackman & Company P.C." in a cursive, flowing script.

Anderson, Tackman & Company, PLC
Certified Public Accountants

July 9, 2008